

HCR CONTRACTOR IMPROPERLY ACCEPTED WORKERS' COMP PAYMENTS

Management alerted the U.S. Postal Service Office of Inspector General (USPS OIG) that a trucking company with postal highway contract routes (HCR contractor) had been receiving improper payments from the Postal Service to cover costs associated with the company's workers' compensation policy. The Postal Service contract required the HCR contractor to have its own workers' compensation policy and not hold the Postal Service liable for any claims. As per the contract, the Postal Service paid the HCR contractor more than \$36,000 to acquire a workers' compensation policy from July 1, 2003, through June 30, 2007.

A USPS OIG investigation found the company has no current workers' compensation policy in place and never had one. In June 2006, the state of Florida fined the HCR contractor for not having a workers' compensation policy in place. As of November 2006, the HCR contractor still had not purchased a policy. However, the company was in compliance with Florida's workers' compensation regulations because it had filed for an exemption that was approved. This exemption requires the company to absorb any medical costs associated with employee on-the-job injury.

On November 17, the U.S. Attorney's Office in Florida, accepted this case for civil prosecution. On December 21, 2006, the Postal Service issued a Letter of Demand for \$36,526, for which the HCR contractor is working out a payment plan. The letter was issued in lieu of civil prosecution. The HCR contractor continues to perform work for the Postal Service.